



# NASA Financial Management Manual

## Draft

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## FMM 9050 CASH MANAGEMENT

### 9051-1 PURPOSE

This section prescribes cash management policies to be observed by Centers to ensure effective management of cash and financial operations encompassing billings and collections, deposits and disbursements. Financial activities shall be conducted to ensure that the maximum amount of cash is made available to the Department of the Treasury for purposes of investment and to avoid unnecessary borrowing.

### 9051-2 AUTHORITY

Authority to prescribe this regulation is contained in NHB 1101.3; The NASA Organization, I TFM 6-8000, Cash Management; I TFM 6-8500, Cash Forecasting Requirements; 4 CFR, Chapter II; Part 1261, 5 CFR Part 1315, Prompt Payment, 14 CFR Chapter V; Part 206, 31 CFR Chapter II; I; and Public Laws 104-134 and 97-365.

### 9051-3 APPLICABILITY

The policies set forth are applicable to all NASA Centers and components thereof.

### 9051-4 BILLINGS

- a. **GENERAL.** All amounts due NASA or Treasury will be billed when due or, if so required, in advance of the due date. See FMM 9260, 9680 and 9091-6 for additional information concerning billing procedures. All work or services performed by NASA at the request of individuals or organizations outside the U.S. Government shall be performed on an advance payment basis or as otherwise provided in FMM 9090. Whenever the final costs on a reimbursable agreement with non-U.S. Government customers are anticipated to exceed the advance payment received, an additional advance payment should immediately be requested from the customer. Whenever the final cost on a reimbursable agreement with a U.S. Government customer is anticipated to exceed the agreement level, a modification of the agreement should immediately be requested.
- b. **TIMELINESS OF BILLINGS.** Centers will adhere to the following billing practices:
  - (1) A bill, for either an actual or estimated amount, shall be prepared and mailed within 5 business days after the day the goods have been shipped or released, services have been rendered, or payment is otherwise due. A bill may be prepared and mailed later than the 5-day timeframe if it can be demonstrated it is cost effective to do so;
  - (2) A payment due date, not more than 30 days from the date of the bill, will be included on the bill, unless otherwise provided by law;



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(3) If the value of the goods or services cannot be specifically determined, a bill equal to at least 75 percent of the estimated value will be prepared and mailed within 5 business days. In such cases, this bill will be identified as a partial bill and will state that a final bill will be completed when the value is determined. The final bill will be prepared and mailed within 30 days of the submission of the estimated partial bill; and

(4) For recurring bills, a systematic follow-up procedure will be developed to ensure prompt issuance.

- c. **CHARGES FOR LATE PAYMENTS.** Debtors are expected to adhere to payment terms stated in a contract, debt instrument, or notice of indebtedness (demand letter). Collection of debt, including the assessment of late charges, is governed by the authorities cited in FMM 9051-5a. Interest, administrative charges, and penalties will be assessed on all overdue payments, except as otherwise provided in 14 CFR 1261.412(g), (h), and (i) or a specific statute. Interest is assessed on principal only, not on interest, administrative charges, and penalties, except when a debtor has defaulted on a previous repayment agreement or a judgment has been obtained, in which case, interest shall be applied to the outstanding amount of unpaid interest, principal and related administrative charges. The minimum annual rate of interest to be charged is established by Treasury as an average of the current value of funds to Treasury and is published in the Federal Register each year by October 31, with an effective date of January 1. This Current Value of Funds (CVF) Rate is subject to quarterly revisions only if the published rate changes by 2 percentage points at the close of the prior calendar quarter. If revised, the new rate will be published in a TFM Bulletin on or around the end of the first month of the calendar quarter, and is to be applied to overdue payments arising during the succeeding calendar quarter. The current rate may be obtained by calling the Treasury Financial Management Service's "Help Line" at (800) 266-9667 and from its web site at <http://www.fms.treas.gov/fedreg/fundrate.html>.

Interest shall accrue from the date on which notice of the debt and the interest requirements is first mailed or hand delivered to the debtor, using the most current address available. If a bill is mailed before the debt is actually due, it should include the required notification; interest may not start to accrue before the debt is actually owed.

In accordance with TFM instructions, the bill should be imprinted or stamped with a notification such as:

*"The payment due date is 30 days from the date of this bill. Pursuant to 31 USC 3717, additional charges will be assessed on payments received after the due date, including:*

*1. Interest at \_\_\_\_\_%, from the date the debt is owed;*

*2. Administrative charges; and*

*3. Penalties, not to exceed 6 percent per year on any portion of the debt delinquent for more than 90 days, accrued from the date the debt became delinquent."*



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A higher rate of interest may be assessed if a determination has been made that a higher rate is necessary to protect the U.S. Government. The assessed rate will remain fixed for the duration of the indebtedness, unless a different rate is prescribed in an agreed-to repayment schedule. Centers will waive the collection of interest on a debt or any portion of a debt that is paid within 30 days after the date on which interest began to accrue.

Administrative charges should cover the additional costs incurred in processing and handling delinquent debts. The amount charged should be based on actual costs incurred or on cost analyses, which established average actual additional costs. Centers shall determine the average cost of collecting delinquent accounts by identifying Center direct and indirect costs incurred in collecting debts from the time they become delinquent until the time collections are made or agency collection efforts cease. For those accounts that are successfully litigated, the Department of Justice post-judgment cost should be determined separately and added to the average cost of collection previously determined.

Center costs incurred prior to an account becoming delinquent should not be included in the fee determination since there is no statutory authority to recover these costs.

The penalty charge, not to exceed 6 percent per annum, will be assessed on any principal portion of a debt more than 90 days delinquent, unless otherwise specified. The penalty charge will accrue from the date that the debt became delinquent. All charges for late payment will accrue until final payment is received. Penalty payments shall be reported to the IRS to ensure that debtors are prevented from using such penalty payments as a business expense, thereby reducing their tax liability.

Amounts received as partial or installment payments will be applied first to accrued penalties, then to accrued administrative charges, then to accrued interest, and finally to the principal, unless otherwise provided in a statute or regulation.

- d. **WAIVER OF ESTABLISHED CHARGES FOR LATE PAYMENTS.** Centers shall assess late charges, unless a waiver has been received from Treasury. Any request for such waiver shall be sent to the Director, Financial Management Division, NASA Headquarters, for submission to Treasury.
- e. **INTEREST DUE THE GOVERNMENT UNDER THE PROMPT PAYMENT ACT**

The Prompt Payment Act and 5 CFR 1315.14 provides that, in certain circumstances under construction contracts, the vendor may be obligated to pay interest to the Government. This can occur if the vendor, after making a certified payment request, discovers that all or a portion of the payment request constitutes payment for performance that fails to conform to the specifications, terms and conditions of the contract (31 USC 3905(a)(2)). Interest may also be owed the Government under a construction contract if the vendor discovers before paying a subcontractor for its performance that all or a portion of a payment due the subcontractor is subject to withholding in accordance with the subcontract agreement (31 USC 3905(e)(6)). When a vendor is obligated to pay interest on unearned amounts to the Government under these circumstances, the interest shall:



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- (1) Be computed on the basis of average bond equivalent rates of 91-day Treasury bills auctioned at the most recent auction of such bills prior to the date the vendor received the unearned amount;
- (2) Be deducted from the next available payment to the vendor; and
- (3) Revert to the Treasury.

### **9051-5 COLLECTIONS**

- a. **GENERAL.** Collections result mainly from payments by debtors, voucher deductions from funds due a debtor, and fees. All efforts to collect amounts due NASA will be made in accordance with the provisions of the Federal Claims Collection Act of 1966 (31 USC 3711), the Debt Collection Act of 1982 (Public Law 97-365), as amended, the Debt Collection Improvement Act of 1996 (Public Law 104-134), the Federal Claims Collections Standards (4 CFR 101-105), OMB Circular A-129, Sections IV and V of Appendix A, and 14 CFR 1261, Processing of Monetary Claims (General). See FMM 9260 and FMM 9680 for additional information concerning collection procedures.
- b. **COLLECTION MECHANISMS.** All funds are to be collected by electronic funds transfer (EFT) when cost effective, practicable, and consistent with current statutory authority. An agreement between NASA and the Department of the Treasury allows each Center to use the Remittance Express (REX) Program to receive payments. Through REX, private sector vendors can make electronic payments via the Automated Clearing House (ACH) network to be credited to the appropriate account established for each Center. The status of deposit information will be available via the CASH-LINK deposit reporting system the day following the deposit.

Financial Management Service (FMS) publications, Automated Collections Made Easy, and ACH Marketing Strategies for Federal Agency Collections, provide detailed information on all available collection mechanisms.

- c. **COLLECTION STANDARDS.** Centers are expected to take timely, aggressive action to effectively follow-up on and collect all accounts receivable (claims, debts) for money or property arising out of the activities of NASA in accordance with the documents referenced in a., above and the requirements set forth below. Accounts receivable will be aged at 30-day intervals from the due date until collected or determined to be uncollectible. Each Deputy Chief Financial Officer (Finance) (DCFO (F)) will maintain information on the number, amount, age and collection status of accounts receivable and on uncollectible accounts which have been written off. When collection efforts are delayed or not successful, functional offices should be notified in order to avoid generating new receivables with debtors who have a history of delinquency or are unwilling or unable to pay.



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Generally, a debt is considered "delinquent" when not paid by the date specified in the initial written notification or applicable contractual agreement (unless other satisfactory payment arrangements have been made by that date) or if, at any time thereafter, the debtor fails to satisfy obligations under a payment agreement. Contract overpayments, fines, penalties, and other debts are delinquent when the debtor does not repay or resolve the debt within 30 days after the day notification of the debt is mailed to the debtor (within 30 days of the payment due date for contractual agreements). A debt is not delinquent if the debtor has entered into a repayment agreement and all payments are current in accordance with the new agreement.

The Debt Collection Improvement Act (DCIA) of 1996 (Public Law 104-134) authorized the Department of the Treasury to provide delinquent debt collection servicing for all other government agencies. Delinquent debts (\$25.00 minimum) from non-U.S. Government debtors can be transferred to Treasury's Financial Management Service (FMS) for servicing 30 days after the first demand letter has been sent. The DCIA requires the transfer of debts that are over 180 days delinquent. Each Center DCFO (F) will be responsible for promptly transferring delinquent debts to FMS when required or earlier, if appropriate to enhance the probability of collection. After debts are transferred to Treasury, FMS will take appropriate action to enforce collections in accordance with applicable statutes and Centers will terminate collection activities on transferred accounts.

Prior to transferring delinquent debts for servicing, Centers must certify that the debts are (1) delinquent, valid, and legally enforceable in the amount stated; (2) not subject to any circumstances that legally preclude or bar collection, including collection by offset; (3) in compliance with rules and regulations regarding interest, penalties, and administrative costs; and (4) that a demand for payment has been sent to the debtor along with notification that the debt will be transferred or referred to Treasury for collection. The notification letter must include the debtor's rights. The debt certification must accompany each debt or group of debts transferred or referred to Treasury.

The following delinquent debts are exempt from transfer for servicing, but must be referred to the Treasury Offset Program for administrative offset: Any debt that (1) is in litigation or foreclosure; (2) will be disposed of under an asset sales program within 1 year after becoming eligible for sale; (3) has been referred to a private contractor for collection; (4) has been referred to a debt collection center; or (5) will be collected under internal offset, if the internal offset is sufficient to collect the claim within 3 years after the debt first became delinquent. Since NASA has entered into an agreement with Treasury to service our delinquent accounts, debts should not be referred to private contractors or other debt collection centers as referenced in (3) and (4) above. FMS has a \$100.00 minimum on debts it will accept for offset.

Fees charged by Treasury, other government agencies or private contractors for debt collection services must be added to the debt as a cost of collection. Treasury must be instructed to add the cost of collection to the balance of debts being serviced or collected by administrative offset. The fee structure for debt collection via cross servicing will be governed by Treasury regulations implementing Public Law 104-134. In addition to the fees charged by Treasury, contingency fees and other charges due other agencies or private contractors will be assessed against the amounts collected. Centers are not required to account for fees that represent the cost of collecting delinquent debts.



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Reporting requirements for accounts receivable are contained in FMM 9343.

Appropriate written demands shall be made upon a debtor in terms, which inform the debtor of the consequences of failure to pay. A total of three progressively stronger written demands will normally be made, unless a response to the first or second demand indicates that a further demand would be futile and the debtor's response does not require rebuttal. The first, second, and third demands shall be mailed 45, 75, and 105 days after the date of the initial bill, respectively, unless responses from the debtor dictate otherwise. The first demand notice for delinquent individual accounts shall incorporate, as appropriate, the due process notices for referring delinquent consumer accounts to credit reporting agencies, initiating Federal salary offset, and referring delinquent accounts to Treasury for collection. These notices are required by the Debt Collection Act of 1982, the Deficit Reduction Act of 1984, and the Debt Collection Improvement Act of 1996, respectively. Centers shall respond promptly to communications from the debtor, within, but no later than, 30 days, and should advise debtors who dispute the debt to furnish available evidence to support their contention.

The third demand shall be the final notice and shall inform the debtor that the account is delinquent and will be transferred to Treasury for collection or the Department of Justice for further action, unless (1) full payment of the entire outstanding balance is received within 30 calendar days of the date of the notice or (2) the debtor provides written disclaimer information within 30 calendar days of the date of the notice. This notification shall include the balance of the debt, any interest, administrative charges and penalties, and the name, address and telephone number where payment can be sent and questions referred. Debts that are still outstanding after 180 days must be transferred to Treasury for collection or administrative offset.

Centers may not attempt to offset a contract if the contract is being adjudicated under the Contract Disputes Act (CDA) or Federal Acquisition Regulations, Subpart 32.6. Once such a contract has been adjudicated under the CDA, offsets under the Debt Collection Act and the Debt Collection Improvement Act may be initiated for any balance of funds still owed the contractor. This does not preclude offsetting non-disputed contracts of a contractor involved in a CDA adjudication.

Centers generally should not attempt to offset advance payments under a grant or cooperative agreement because:

- (a) Such payments do not constitute a "Government debt" to the grantee; and
- (b) Offsets could have the effect of defeating or interfering with the purposes of the grant.

However, offsets may be made where funds are paid out to the recipient on a reimbursable basis. Reimbursable payments due may be offset because they clearly represent a Government debt, at least to the extent of the particular reimbursement. Centers shall consider converting a problem recipient with a history of poor performance to reimbursable payments in anticipation of a future need to effect an offset. See FMM 9280, Part I.





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The salaries of Federal employees delinquent on debts (if the debtor can be identified by Social Security Number (SSN)) to the Government may be offset to recover the amount owed. Under the Debt Collection Act of 1982, as amended (see 14 CFR 1261.6), up to 15 percent of an employee's disposable pay may be offset each pay period, unless the employee consents to a larger deduction. A 30-day written notice is required.

**(1) Offset Against Amounts Payable From Civil Service Retirement and Disability Fund.**

NASA Centers may request that moneys which are due and payable to a debtor from the Civil Service Retirement and Disability Fund be administratively offset in reasonable amounts in order to collect in one full payment or a minimal number of payments debts owed to NASA. Requests for such action shall be forwarded by the Center directly to the Office of Personnel Management in accordance with the procedures outlined in 14 CFR 1261.507.

- (2) Offset Against Carriers for Unused or Unreturned Tickets.** In accordance with 41 CFR 101-41.210-2, Centers are required to demand the refund of unused or unreturned tickets from carriers through the use of an SF 1170, Redemption of Unused Tickets. However, only complete tickets, i.e., those in which no coupons have been used, are eligible for offset. In such cases, if the carrier fails to provide a refund within 30 calendar days from the date of issuance of the SF 1170, the Center shall take action to collect, including administrative offset, if necessary. The amount to be collected shall include interest, administrative charges, and penalties.

- d. AUTHORIZED SCHEDULED PAYMENTS OF DELINQUENT ACCOUNTS.** Centers should collect overdue amounts in full in one lump sum; however, if the debtor is financially unable to pay in one lump sum, NASA may accept regular installment payments in accordance with the provisions of 14 CFR, 1261.402 and 1261.411. Such repayments should be sufficient in size and frequency as to liquidate the debt (except specified mortgages) within 3 years.

Centers shall require delinquent borrowers with bank accounts to enter into repayment agreements using pre-authorized debits and electronic transfers. Exceptions may be made if the debt is secured by collateral of equal or greater value.

Unless prohibited by statute or regulation, agreements should contain a specific interest rate that will be assessed on the debt. The rate will be the Current Value of Funds Rate, unless it has been determined that a higher rate of interest is necessary to protect the government. Agreements should also state that administrative charges and penalties will be assessed on delinquent payments as provided in FMM 9051-4e.

- e. COMPROMISE OF DEBTS.** Center Directors are authorized to act on compromise offers on debts of \$100,000 or less; compromise offers on debts over \$100,000 must be referred to the Department of Justice for further action. The Treasury has the same compromise authority as Center Directors regarding debts transferred for collection.





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- f. **REFERRAL FOR LITIGATION.** Debts may be referred to the Department of Justice in accordance with the provisions of 14 CFR 1261.417, OMB Circular A-129, and the authorities cited in 14 CFR 1261.402. Cases of fraud may be sent to Justice at any time. Debts transferred to Treasury for collection will be referred to Justice as appropriate by the Treasury Department. The Short Form Claims Collection Litigation Report (CCLR) may be used for referring claims of \$5,000 or less, including interest, penalties and administrative costs. Centers have the option of referring delinquent Federal employee accounts to the Department of Justice to obtain a judgment in accordance with section 124 of P.L. 97-276. This provision allows Justice to collect 25 percent of the employee's salary after a judgment is obtained, as compared to the 15 percent limit under the salary offset authority. Centers shall:
- (1) Promptly refer delinquent accounts to Justice as soon as there is evidence that the debt is collectible and that full or partial recovery of the debt will be best achieved through litigation;
  - (2) Send claims to Justice when all efforts and administrative processes are completed and the debt remains delinquent and legally enforceable;
  - (3) Set up a system to ensure that each CCLR prepared by the Center includes:
    - (a) Name of debtor, address, Tax Identification Number (TIN), current place of employment, and salary of debtor, all of which has been verified within six months of the referral (e.g., by financial statement or credit report);
    - (b) Evidence that the debtor has ability to pay a judgment (employment data, property, other income), or the potential to repay and a judgment is needed to protect the Government's interest (an exception is the referral of cases solely to obtain clear title to a property that has no possibility for repayment);
    - (c) A certificate of indebtedness;
    - (d) TIN's for each debtor, individual and/or organization including personal guarantors of the debt;
    - (e) A credit report, for each debtor, that is less than six months old at the time of referral;
  - (4) In consultation with the Department of Justice, establish a system to account for cases referred to and returned from Justice. The TIN will be the common identifier for each debt in referring cases to Justice. Justice will use the TIN number for case tracking and reconciliation. Periodic follow-ups should be made with Justice to ascertain the status of litigation; and
  - (5) Participate in the Department of Justice private attorney program by identifying and then accelerating case referrals through Justice's Central Intake Facility to those districts where the U.S. Attorney offices contract with private law firms.



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Upon receipt of the CCLR, a U.S. Attorney is to file suit within 45 days unless the debtor has come forward with a voluntary payment. Collection efforts should cease once a case has been referred to the Department of Justice. The appropriate U.S. Attorney, or Department of Justice attorney, must be notified of exceptions and permit continued collection activity by an agency. "Continued collection activity" does not include agency attorneys appointed Special Assistant United States Attorneys.

The Department of Justice shall notify the referring Center within 60 days of the closing of a case.



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### g. ADMINISTRATIVE WAGE GARNISHMENT

The DCIA authorizes Federal agencies to collect delinquent debts from non-federal employees through Administrative Wage Garnishment (AWG). Wage garnishment is a process whereby an employer withholds amounts from an employee's disposable pay and pays those amounts to the employee's creditor in satisfaction of a withholding order. Treasury regulations implementing Public Law 104-134 will be followed when using AWG as a debt collection tool.

Before garnishment proceedings are initiated, agencies must follow DCIA rules pertaining to AWG:

- (1) At least 30 days before the garnishment order is issued, the debtor must be given written notice informing him or her of the nature and amount of the debt, the intention to collect the debt through deductions from pay, and an explanation of the debtor's rights regarding the proposed action.
- (2) The debtor will be provided an opportunity to inspect and copy records related to the debt, to establish a repayment agreement, and to receive a hearing concerning the existence or amount of the debt and the terms of a repayment schedule. A hearing must be held prior to the issuance of a withholding order if the debtor's request for a hearing is timely received. If the hearing request is not received in a specified time frame, the withholding order can be issued prior to conducting a hearing. Wage garnishment cannot be used if the debtor has been involuntarily separated from employment until the debtor has been re-employed continuously for at least 12 months. Debtors are responsible for providing information regarding employment status. Debtors can request a review and an adjustment of wages garnished based on materially changed circumstances such as disability, divorce, or catastrophic illness which results in financial hardship.
- (3) The Wage Garnishment order will be sent to the debtor's employer directing an amount equal to 25 percent of the employee's disposal income to be paid to NASA. Employers must certify certain information about the debtor, such as employment status and earnings. When all amounts owed, including interest, penalties and administrative costs are collected, employers must be notified to discontinue wage withholdings.



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### h. **WRITE-OFF AND CLOSEOUT PROCEDURES**

The Associate Administrator for Management Systems and Facilities (for NASA Headquarters) and the Director, for a Center, or a designee who reports directly to those officials, have the authority to terminate collection action on debts which do not exceed \$20,000, exclusive of interest, penalties and administrative costs, after consultation with other officials as outlined in CFR 1261.403. After reasonable efforts to enforce collection have been exhausted, DCFO (F)s are authorized to write off delinquent debts when the principal amount is less than \$100.00. These small delinquent debts should be written off if collection is not made after the third demand letter. The Administrator or designee has the authority to compromise, suspend, or terminate collection action where the principal amount of a debt is between \$20,000 and \$100,000; recommendations for such action should be referred to the Director, Financial Management Division, NASA Headquarters, for processing. Where the principal amount of a debt exceeds \$100,000, only the Department of Justice has authority to compromise, suspend or terminate collection actions, and the matter should be referred to Justice using the CCLR, as discussed in 14 CFR 1261.417.

(1) **Write-off.** Accounts shall be written off when one or more of the following apply:

- (a) The debtor cannot be located; or no assets that can be liquidated to pay the debt can be found; or the Federal statute of limitations has expired for litigation (six years) and administrative offset (10 years) and the statutes of the State in which the debtor resides preclude further collection;
- (b) The debt cannot be substantiated because of a lack of evidence or witnesses to validate a claim (such debt cannot be referred to IRS as taxable income);
- (c) The debt is considered to be legally without merit upon a determination that the debt was never owed and was erroneously classified as a debt;
- (d) Any substantial amount of the debt cannot be collected because:
  - 1 A judgment has been obtained and the application of all collection techniques failed to produce full collection;
  - 2 A collection agency has been unable to collect the debt and has returned it with sufficient documentation to demonstrate the debt is uncollectible;
  - 3 The borrower has been declared bankrupt and no further prospects for worthwhile recovery is available;
- (e) Estimated collection costs exceed the estimated recoverable amount.
- (f) The Center has been advised by FMS that all reasonable efforts to enforce collection have been exhausted and the balance of the debt should be written off.

Written-off accounts shall be closed, and the debtors' account ledgers removed from active files.



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Despite write-off, it may be appropriate to maintain subsidiary records of individual accounts so that debts may be collected by offset against future benefit claims. Collection action on closed-out accounts should only be reinstituted if evidence subsequently obtained indicates that a debtor has the ability to repay a substantial portion of the debt (25 percent or more) and the statute of limitations has not yet expired.

Debt referred to the Department of Justice cannot be written off while the claim is being litigated.

- (2) **Closeout.** Accounts written off shall be recorded with debtor identifying information in an IRS referral log, accumulated for the calendar year, and forwarded to the IRS on IRS Form 1099-C, "Cancellation of Debt." The IRS will recognize written off amounts as taxable income for debtors classified as individuals, partnerships, and sole proprietorships;

The reporting requirements are as follows:

- (a) A debt must be reported after all collection efforts have been exhausted; there is no obligation to wait to report a debt until the statute of limitation has expired;
- (b) Amounts greater than \$600 must be reported; amounts less than \$600 may be reported;
- (c) In addition to the principal amount owed, administrative costs and interest must be reported;
- (d) Amounts discharged in a Title 11 bankruptcy case are not to be reported; the bankruptcy must be documented in the files;
- (e) In cases other than Title 11 bankruptcy, a Center must not report amounts discharged to the extent that the debtor is insolvent (i.e., liabilities exceed assets). For example, if a debtor owes \$100 and his liabilities exceed his assets by \$25 (i.e., negative net worth of \$25) before the debt is discharged, \$75 must be reported upon the discharge. The files must document that a debtor is insolvent through an assets/liabilities analysis certified by the debtor as correct under penalties of perjury;
- (f) If the debt is compromised because (1) the debtor is unable to pay the debt within a reasonable period of time or refuses to pay the debt in full and the Government is unable to enforce collection in full within a reasonable time or (2) the cost of collecting the claim does not justify the enforced collection of the full amount, then the amount discharged in the compromise is reportable;

If the debt is compromised because there is real doubt as to the Government's ability to prove its case in court for the full amount claimed, then the amount discharged in the compromise should not be reported;

- (g) The debtor shall be provided a copy of Form 1099-C or a written statement of the impending 1099-C report by January 31 of the year following the determination that no further collection action will be taken on the debt. The 1099-C shall be sent to the IRS by February 28 of that same year; and



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- (h) As this reporting requirement is not a statutory one, a Center should not report on Form 1099-C if the reporting of such information is prohibited by a Federal law. For debts being cross-serviced by Treasury, Centers should indicate on the FMS Agency Profile Form that Treasury should send Form 1099-C's to the IRS for debts written off. Shortly after calendar year-end, Treasury will send each Center a list of debts returned as uncollectible. Centers will send Treasury confirmation of debts written off so Form 1099-C's can be sent.

Centers may reinstitute collection action on closed-out accounts if there is subsequent evidence that a debtor has new ability to pay.

(3) **Accounting Entries.** See FMM 9261-8.

### 9051-6 DEPOSITS

- a. **GENERAL.** DCFO (F)s will ensure that receipt processing procedures are in place that will make funds available to the Treasury in a timely manner. Such procedures shall be in accordance with 1 TFM 6-8000 and 1 TFM 5-2000. See also FMM 9260 and 9680 for additional procedures and guidelines for deposits.

Anticipated deposits totaling \$50 million or more must be reported in advance of the transaction settlement date to FMS. A minimum of two days notice is required for these deposits. Anticipated deposits of \$500 million require five days advance notice.

- b. **PROCESSING DEPOSITS.** When offices other than the Financial Management Office initially receive funds, such offices must forward the payments to the Financial Management Office expeditiously for deposit processing. DCFO (F)s are responsible for advising prospective fund recipients of these requirements and establishing procedures to facilitate the process.
- c. **TIMELINESS OF DEPOSITS.** NASA Centers will adhere to the following deposit practices that reduce processing float:
  - (1) Collections of \$5,000 or more on the same day shall be deposited prior to depository cutoff time. When same-day deposit is not cost effective, next-day deposit of moneys must be achieved;
  - (2) Collections of less than \$5,000 may be accumulated and deposited when the total reaches \$5,000; however, deposits will be made by Thursday of each week, regardless of the amount accumulated;
  - (3) Deposits will be made at a time of day prior to the depository's specified cutoff time, but as late as possible to maximize daily deposit amounts;
  - (4) Centers will generally limit their deposits to one per day per deposit site. However, Centers shall make multiple deposits.





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- (5) The mailing of deposits (versus hand carrying) to Federal Reserve Banks (FRB's) or commercial banks may be done only when specifically authorized in writing by the Treasury Financial Management Service. In such cases, the deposit time frame requirements apply to the timely mailing of deposits;
- (6) When a deposit consists only of Treasury checks, Centers may mail those checks to the nearest FRB or commercial bank; Treasury checks totaling \$5,000 or more shall be mailed to the nearest FRB or commercial bank on the day received. The Treasury Financial Management Service has granted NASA a waiver from the requirement to deposit Treasury checks to FRB's. Centers can make deposits to the Treasury General Account through a more conveniently located commercial bank. Centers can still use FRB's, but are not required to do so. A separate SF-215, Deposit Ticket, will be prepared and submitted to the FRB or commercial bank for processing; and
- (7) DCFO (F)s will review the activities of collection agents semiannually to verify the undeposited cash on hand, that timely and accurate deposits are being made, and that cash collections are being handled in accordance with these instructions. A record of the review should be retained in the files of the collection agent.

### **9051-7 DISBURSEMENTS**

- a. **GENERAL.** The provisions of the Prompt Payment Act, 5 CFR 1315 and the Interim Final Rule will be followed. Procurement officials and DCFO (F)s will ensure that terms which specify when payments are due and how they will be made are contained in contracts, purchase orders, and other procurement arrangements for the purchase of goods or services from any organization outside the U.S. Government. Standard contract clauses are provided in FAR 52.232.

Invoices, bills, statements, or any other documents (hereinafter referred to as "invoices") authorized for payment by a Center, including progress and final payments, will be paid when due in accordance with the Prompt Payment Act and 5 CFR 1315. Systems will be designed to include adequate internal controls to facilitate timely payment of invoices, take appropriate discounts in accordance with FMM 9630, preclude duplicate payments and pay interest penalties automatically when due. Late payment interest penalties will be paid from the program funds of the program for which the penalty was incurred. In case of multiple accounting line items, the object class with larger portion of the payment should be charged to record the interest. Interest penalty payments are to be reported to the Internal Revenue Service on IRS Form 1099-INT when payments to any one person, partnership or trust total \$600 or more. Interest penalties are not required on late contract financing payments, including advance payments, progress payments based on cost, progress payments based on a percentage or stage of completion (other than under construction contracts) and interim payments on cost-type contracts (other than under cost reimbursement contracts for services). Final payments on cost-type contracts are subject to interest penalties; they are not contract financing payments. Interest penalties will be paid for interim payments under cost-reimbursement service contracts awarded on or after December 15, 2000 that are paid more than 30 days after a proper invoice has been received from the vendor (see the Interim Rule). Interim payments under cost-reimbursement service contracts are treated as invoice payments.



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Anticipated disbursements totaling \$50 million or more must be reported in advance of the transaction settlement date to FMS. A minimum of two days notice is required for these disbursements. Disbursements of \$500 million require five days advanced notice. DCFO (F)s must make formal arrangements with FMS for handling those disbursements that are being made without advance notification to ensure that the necessary forecasting information is provided to Treasury (see I TFM 6-8535).

- b. **DISBURSEMENT MECHANISMS.** Funds are to be disbursed by electronic funds transfer (EFT). Treasury regulations implementing the Debt Collection Improvement Act of 1966 (Public Law 104-134) and 31 CFR 208, Management of Federal Agency Disbursements (EFT Final Rule), shall be followed. OPAC or other mechanisms such as the SF 1081 will be used for the transfer of funds between agencies. Fedwire may be used only for high-dollar, low-volume payments in excess of \$100,000, when same day settlement is required.
- c. **TIMELINESS OF DISBURSEMENTS.** Centers will schedule payments as close as possible to, but not later than, the due date determined in accordance with 5 CFR 1315 and the terms specified in the contract.

NPD 7410.5 provides for delegation of authority to approve early payments on a case-by-case basis, where it is demonstrated to be necessary and in the best interest of the Government.

Payment will not be made prior to the receipt and acceptance of goods or services unless specifically provided by contractual agreement executed pursuant to law. NASA does not make payments without evidence that supplies have been received ("Fast Payment;" 5 CFR 1315.6).

Processing of invoices for earned award fees shall be expedited and payment of such invoices shall be made as soon as possible after approval.

Contractors approved by the Defense Contract Audit Agency (DCAA) to have adequate billing system internal controls are authorized to submit interim vouchers (contract financing requests) directly to NASA paying offices. DCAA provisionally approves these interim vouchers submitted by participating contractors for payment, but does so on a blanket basis because the contractors meet the DCAA criteria for authorization. Such authorization does not extend to the first and final voucher. The NASA Headquarters Office of Procurement (Code HC) periodically provides a master list to Centers of all participating NASA contractors.

In cases in which the contract requires the contractor to send invoices to DCAA, the DCAA office or representative specified in the contract would be the "designated agency office..." for purposes of 5 CFR 1315.4 (b) (1) (i).

As provided in FAR 32.906 (a), the due date for making contract financing payments is the 30th day after the designated billing office has received a proper request.

In accordance with 41 CFR 101-41.401(e), for purposes of determining whether interest penalties under the Prompt Payment Act are due in the case of U.S. Government Bills of Lading (GBL's), the date on which payment is due is 30 days after receipt of a proper carrier bill or claim by the designated billing office, i.e., the office or employee designated on the GBL.



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Centers will ensure that receipt and acceptance are executed as promptly as possible. Receiving reports will contain the information specified in 5 CFR 1315.9(c) and will be forwarded in time to be received by the Financial Management Office by the 5th working day after acceptance. Financial Management Offices will stamp receiving reports and invoices with the date received.

- d. **CASH DISCOUNTS.** Centers' procedures will automatically take advantage of cash discounts as a matter of routine and eliminate any need for special handling. Discounts will be taken when acceptance has occurred and the discount terms applied in the conversion formula in FMM 9630 result in an effective annual interest rate equal to, or greater than, the Current Value of Funds (CVF) Rate to the Department of the Treasury (I TFM 6-8040.40).

The period for taking the discount is calculated in accordance with 5 CFR 1315.7. Data will be maintained on discounts available and taken in accordance with FMM 9630 and reported in the Annual Report of Payment Activities (FMM 9385).



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### **9051-8    *RESTRICTIONS ON FINANCIAL TRANSACTIONS WITH FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS***

- a. GENERAL.** This section reflects NASA policy on the use of U.S. Government funds in international programs that have a potential impact on interest costs to the Department of the Treasury and foreign exchange operations. Included are bilateral program transactions with foreign countries and international organizations involving procurement, research, co-development, co-production, or other transactions which require: (1) the outlay of U.S. dollars or U.S. owned foreign currencies, or (2) the exchange of U.S. dollars and U.S. owned foreign currencies. The Director, Financial Management Division, NASA Headquarters, should be contacted at the earliest possible time concerning any potential or pending negotiations, which will involve matters referred to in this section.

The policies and procedures set forth in the Treasury Financial Manual, I TFM 6-8000, "Cash Management," Sections 8065 and 8070, shall be followed.

- b. NEGOTIATING FINANCIAL ARRANGEMENTS.** Except for arrangements entered into for the sole purpose of implementing U.S. international monetary policy, DCFO (F)s will observe the following policies to ensure that: (1) U.S. dollars will be retained in the account of the U.S. Treasury until actually required for immediate disbursement to minimize interest cost on the public debt and (2) interest on U.S. Government funds will not be used to subsidize program activities. The policies are:
- (1) DCFO (F)s will not permit the withdrawal of funds from the account of the U.S. Treasury for transfer to any recipient country or organization, prior to the need for the funds as determined by the actual immediate funding requirements of the recipient to carry out the project. Monthly payments are the norm;
  - (2) NASA's share of funding required to support a program will not be derived from interest earned on U.S. contributions. Any interest earned will be promptly deposited to receipt account "801435, General Fund Proprietary Interest, Not Otherwise Classified"; and
  - (3) Requests from a foreign country or international organization for the temporary deposit and safekeeping of dollars in trust in an account of the U.S. Treasury will be decided by Treasury on an individual basis, based on the reasons therefore, the specific financial arrangements proposed, and the relevant political and financial considerations.
- c. PROCEDURES AND REQUIREMENTS CONCERNING FOREIGN CURRENCY EXCHANGE, COLLECTION AND DISBURSEMENTS.** Procedures and requirements concerning foreign currency are covered in FMM 9712-7, United States-Owned Excess and Near Excess Foreign Currencies; FMM 9745-10, Use of Excess and Near Excess Foreign Currencies For Transportation and Travel Expenses; and NPD 9393.2, Use of Excess and Near Excess Currencies For Payment of United States Obligations, respectively. Further specific guidelines are available in the Treasury Financial Manual.



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### **9051-9 RESPONSIBILITIES OF DEPUTY CHIEF FINANCIAL OFFICERS (DCFO (F)s)**

- a. **GENERAL.** DCFO (F)s are responsible for incorporating these policies in their billing and collection, accounting, and disbursing activities, and as an integral part of comprehensive audit and review programs. To ensure effective cash management, the job elements of Center personnel responsible for receipts and disbursements should include cash management as critical performance measurements.
- b. **REVIEW.** DCFO (F)s are responsible for monitoring the efficiency, effectiveness, and economy of the Center's cash management practices. Annual reviews will:
  - (1) Determine if the Center is collecting and disbursing funds by EFT to the maximum extent possible;
  - (2) Determine if the Center is billing, collecting, and depositing in a timely manner;
  - (3) Determine if the Center is making disbursements according to the Prompt Payment Act, as amended;
  - (4) Determine if opportunities exist to implement new mechanisms or processes or upgrade existing mechanisms or processes; and
  - (5) Ensure that adequate internal controls are in place.

These reviews will be conducted in accordance with the provisions of FMM Appendix 9051-5B.

- c. **REPORTS TO HEADQUARTERS.** Documentation summarizing annual reviews of Center cash management practices and required reports will be retained and made available for examination by Headquarters Financial Management Division personnel through the Quality Assurance Evaluation (QAE) process.

### **9051-10 WAIVERS, EXEMPTIONS, AND OTHER APPLICABLE REGULATIONS**

- a. **WAIVERS.** Requests for waivers to specific provisions of these requirements may be submitted to the Director, Financial Management Division, NASA Headquarters, for consideration. Such requests should identify the specific requirement; state the reason for the request, the period of time to be covered by the waiver, and any documentation in support of the request.
- b. **OTHER APPLICABLE REGULATIONS.** The provisions of this chapter are designed to supplement existing regulations bearing on the subjects covered herein and do not relieve DCFO (F)s from compliance with OMB, GAO, and other Treasury regulations.



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### **9051-5B CENTER CASH MANAGEMENT REVIEWS**

FMM 9051 prescribes the policies to be observed by Centers to ensure effective management and control of cash when developing systems and procedures, and performing financial functions encompassing billings, collections, deposits and disbursements. FMM 9090, 9261, and 9600 delineate procedures for the administration and execution of these policies.

The appropriate sections of the above policies and procedures or local documents that meet, as a minimum, the requirements of the FMM should be readily accessible to all personnel involved in administering cash management functions.

Annual reviews shall be conducted which encompass all areas of the cash management function, at a level that will support a decision by the reviewer as to whether or not the function is being administered in accordance with the policies and procedures set forth in relevant laws and regulations and the FMM. These reviews are intended not only to provide assurance of compliance, but also to provide Center management with information to facilitate improvements in cash management operations. Center reviewer(s) shall be independent of the activity under review.

FMM 9051-9, Responsibilities of DCFO (F)s, sets forth-general review requirements. The formats provided here shall be used in conducting reviews. Additional data may be gathered, but these formats should not otherwise be altered. Recommendations for changes to the formats should be forwarded, in writing, to the Headquarters Financial Management Division, Code BF. A report of review findings, methods, analyses, and recommendations should be prepared. Review reports and related workpapers shall be retained for examination by Headquarters Financial Management personnel.

Samples, reviews, and verifications to be conducted are described below. Other areas of cash management activity may be reviewed as appropriate to ensure compliance, seek process improvements, or provide other management information. Reviewers shall:

- (1) Conduct interviews with cognizant personnel to ensure that policies and procedures are readily accessible. Ascertain that adequate training has been provided to ensure that a level of competency exists to properly administer the function.
- (2) Examine Center internal control policies and actual practices in the various cash management functions to confirm that controls are effective and processes are efficient. This examination shall include, at a minimum, assessments as to whether: (a) duties are appropriately segregated, including obligating funds and processing and certifying payments, (b) the level of employees' access to computer systems is appropriate in relation to their assigned duties, (c) periodic reconciliations of cash receipt logs to deposits are performed to minimize the risk of cash receipts being misdirected or misappropriated and whether the reconciliations are performed by someone without access to the receipts at any point in the process, and (d) check receipts are restrictively endorsed as soon as they are received.





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- (3) Sample bills rendered at various times during the period covered by the review to ensure the requirements of FMM 9041-4, Billings, were met. See the Billings Worksheet to be completed in accordance with instructions.
- (4) Sample delinquent accounts receivable at various times during the period covered by the review to determine whether policies and procedures required by FMM 9051-5, Collections, are met. See the Delinquent Receivables Worksheet to be completed in accordance with instructions. Determine whether the Center is referring delinquent debts to the Department of the Treasury on a timely basis, in accordance with the requirements of the Debt Collection Act of 1996.
- (5) Sample bank deposits made at various times during the period covered by the review to ascertain whether deposits met the requirements of FMM 9051-6, Deposits. See Bank Deposits Worksheet to be completed in accordance with instructions.
- (6) Statistically sample invoice payments using the following parameters to determine whether the requirements of FMM 9051-7, Disbursements, were met. See the Payment Worksheet for Purchase Requests/Invoices Report (PAYWKSwf) under the Supplemental FMM Data at <http://www.hq.nasa.gov/fmm/fmmsupp.html> to be completed in accordance with attached instructions.

Population: Center's invoices for the six months preceding the review

Confidence Level: 95%

Expected Error Rate: 5%

Precision: +/-4.9%

- (7) Review a sample of contract financing payments. See the Payment Worksheets for Contract Financing Requests (PAYWKSwf) under the Supplemental FMM Data at <http://www.hq.nasa.gov/fmm/fmmsupp.html> to be completed in accordance with attached instructions.
- (8) If any invoices are being paid in accordance with FMM 9631-7b, review the most recent quarterly sample analysis. Adjustments will be made to the program to protect the Government's interest and exclusions made as appropriate based on these analyses.
- (9) Assess the Center's compliance with the electronic funds transfer provisions of the Debt Collection Improvement Act of 1996.



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# BILLINGS WORKSHEET

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### INSTRUCTIONS - Billings Worksheet

**General** - This worksheet is designed to determine compliance with the provisions of FMM 9051-4 and TFM 6-8025. A sample of bills rendered for payment should be selected and relevant data recorded on this worksheet and analyzed to assess performance.

#### **Preparation**

**Column 1, Billed To** - Enter the name of the individual or organization to which the bill was rendered.

**Column 2, Date Shipping/Services** - Enter the date the goods were shipped or released or services were rendered.

**Column 3, Date Notified to Bill** - Enter the date the Financial Management Office was notified that a bill was to be issued.

**Column 4, Bill No.** - Enter the number of the bill.

**Column 5, Bill Date** - Enter the date the bill was prepared, as shown on the bill.

**Column 6, Days to Mail** - Enter the number of days the bill was mailed after the day that the goods were shipped or released, services were rendered, or payment was otherwise due.

**Column 7, Specific Due Date** - Enter the payment due date shown on the bill, which should normally be 30 days after the date of the bill (TFM 6-8025.10).

#### **Column 8, Did Bill Specify:**

- a. Late Charges?** - Enter Y (Yes) or N (No) to indicate whether or not the bill notified the debtor of all interest, penalties and administrative costs to be charged on payments received after the due date, quoting rates when available.
- b. Payment Method?** - Enter Y (Yes) or N (No) to indicate whether or not the bill specified the payment mechanism to be used.



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### DELINQUENT RECEIVABLES WORKSHEET

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### INSTRUCTIONS - DELINQUENT RECEIVABLES WORKSHEET

**General** - This worksheet is designed to determine compliance with the provisions of FMM 9051-5, TFM 6-8025, OMB Circular A-129 and the Federal Claims Collection Standards (4 CFR Chapter 11). A sample of delinquent receivables should be selected and relevant data recorded on this worksheet and analyzed to assess performance.

#### **Preparation**

**Column 1, Bill No.** - Enter the number of the bill that was issued.

**Column 2, Bill Date** - Enter the date the bill was prepared, as shown on the bill.

**Column 3, Name** - Enter the name of the person or organization to which the bill was issued.

**Column 4, Amount** - Enter the amount of the bill (even though the receivable includes interest, penalties and administrative costs, only the principal need be shown here).

**Column 5, Days Delinquent** - Enter the number of days the debt is delinquent, from the original due date to the current date.

#### **Column 6, Number of Days from Due Date to:**

- a. 1st Demand** - Enter the number of days elapsed from the due date to the date the first demand letter was mailed.
- b. 2nd Demand** - Enter the number of days elapsed from the due date to the date the second demand letter was mailed.
- c. 3rd Demand** - Enter the number of days elapsed from the due date to the date the third demand letter was mailed.
- d. Collector** - Enter the number of days elapsed from the due date to the date the debt was transferred to Treasury for collection.



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# BANK DEPOSITS WORKSHEET

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### INSTRUCTIONS - Bank Deposits Worksheet

**General** - This worksheet is designed to determine compliance with the provisions of FMM 9051-6 and TFM 6-8030. Each day's total receipts for a selected sample timeframe (such as two consecutive weeks) should be traced from the date of receipt to the date of deposit. The relevant data should be recorded on this worksheet and analyzed to assess performance.

### **Preparation**

**Column 1, Date Received** - Enter the date of receipt of the funds.

**Column 2, Amount Received** - Enter the total amount of funds received on the day indicated in Column 1.

**Column 3, Date Deposited** - Enter the date the funds received on the day indicated in Column 1 were deposited.

**Column 4, No. Days to Deposit** - Enter the number of days elapsed between receipt of the funds (Column 1) and deposit (Column 3), not counting the day of receipt, but counting the day of deposit.

**Column 5, Deposited on Time?** - Enter Y (Yes) to indicate that the funds were deposited in accordance with the regulations, or L (Late) to indicate that the funds were not deposited in a timely manner.



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## PAYMENT WORKSHEETS

See Supplemental FMM Data, Reports at <http://www.hq.nasa.gov/fmm/fmmsupp.htm> for copies of worksheets.

**Report Titles and Numbers: Payment Worksheet for Contract Financing Requests and Purchase Request/Invoices**

**PAYWKS<sub>wf</sub> (PAYWKS<sub>wf</sub>.xls) (Formulas)**

**PAYWKS<sub>NF</sub> (PAYWKS<sub>NF</sub>.xls) (No Formulas)**